



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2013 REGULAR SESSION

HOUSE BILL NO. 63

FRIDAY, FEBRUARY 22, 2013

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE March 21, 2013
3:27pm

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Allen

1 AN ACT relating to retirement.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔Section 1. KRS 21.540 is amended to read as follows:

4 (1) Except as provided in KRS 21.550, 21.560, and subsection (3) of this section, the
5 board of trustees of the Judicial Form Retirement System shall be charged with the
6 administration of that system and of KRS 21.350 to 21.510, and shall have all
7 powers necessary thereto, including the power to promulgate all reasonable
8 administrative regulations, pass upon questions of eligibility and disability, make
9 employments for services, and to contract for fiduciary liability insurance, and for
10 investment counseling, actuarial, auditing, and other professional services as
11 required without the limitations of KRS 45A.045. The administrative expenses shall
12 be paid out of an administrative account which shall be funded by transfers of the
13 necessary money, in appropriate ratio, from the funds provided for in KRS 21.550
14 and 21.560.

15 (2) (a) A qualified domestic relations order issued by a court or administrative
16 agency shall be honored by the Judicial Form Retirement System if the order
17 is in compliance with the requirements established by the retirement system.

18 (b) Except in cases involving child support payments, the Judicial Form
19 Retirement System may charge reasonable and necessary fees and expenses to
20 the participant and the alternate payee of a qualified domestic relations order
21 for the administration of the qualified domestic relations order by the
22 retirement system. All fees and expenses shall be established by
23 administrative regulations promulgated by the board of trustees of the
24 retirement system. The qualified domestic relations order shall specify
25 whether the fees and expenses provided by this subsection shall be paid:

- 26 1. Solely by the participant;
27 2. Solely by the alternate payee; or

1 3. Equally shared by the participant and alternate payee.

2 (c) For purposes of this subsection, a "qualified domestic relations order" shall
3 mean any judgment, decree, or order, including approval of a property
4 settlement agreement, that:

5 1. Is issued by a court or administrative agency; and

6 2. Relates to the provision of child support, alimony payments, or marital
7 property rights to a spouse, former spouse, child, or other dependent of a
8 member.

9 (3) Notwithstanding any other evidence of legislative intent, it is hereby declared to be
10 the controlling legislative intent that the provisions of KRS 21.345 to 21.580 and
11 6.500 to 6.577 shall conform with federal statutes or regulations and meet the
12 qualification requirements under 26 U.S.C. sec. 401(a), applicable federal
13 regulations, and other published guidance, and the board shall have the authority to
14 promulgate administrative regulations, with retroactive effect if required under
15 federal law, to conform the Legislators' Retirement Plan and the Judicial Retirement
16 Plan with federal statutes and regulations and to meet the qualification requirements
17 under 26 U.S.C. sec. 401(a).

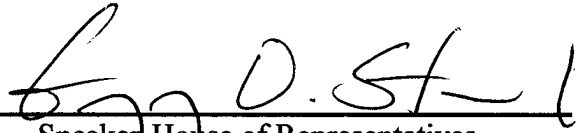
18 (4) The Judicial Form Retirement System shall make available on a public Web site, a
19 listing of all system expenditures and a listing of each individual employed by the
20 systems along with the employee's salary or wages. The system may provide the
21 information through a Web site established by the executive or judicial branch to
22 inform the public about executive or judicial branch agency expenditures and public
23 employee salaries and wages. Nothing in this subsection shall require or compel the
24 Judicial Form Retirement System to disclose information specific to the account of
25 an individual member of the Legislators' Retirement Plan or the Judicial Retirement
26 Plan.

27 (5) No trustee or employee of the board shall:

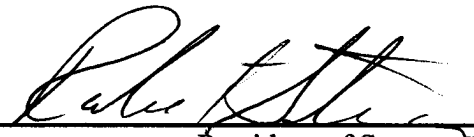
- 1 (a) Have any interest, direct or indirect, in the gains or profits of any investment
 2 or transaction made by the board, provided that the provisions of this
 3 paragraph shall not prohibit a member or retiree of one of the retirement
 4 plans administered by the system from serving as a trustee;
- 5 (b) Directly or indirectly, for himself or herself or as an agent, use the assets of
 6 the system, except to make current and necessary payments authorized by the
 7 board;
- 8 (c) Become an endorser~~[indorser]~~, surety, or obligor for moneys loaned by or
 9 borrowed from the board;
- 10 (d) Have a contract or agreement with the retirement system, individually or
 11 through a business owned by the trustee or the employee;
- 12 (e) Use his or her official position with the retirement system to obtain a financial
 13 gain or benefit or advantage for himself or herself or a family member;
- 14 (f) Use confidential information acquired during his or her tenure with the
 15 systems to further his or her own economic interests or that of another person;
 16 or
- 17 (g) Hold outside employment with, or accept compensation from, any person or
 18 business with which he or she has involvement as part of his or her official
 19 position with the system. The provisions of this paragraph shall not prohibit:
- 20 1. A trustee from serving as a judge or member of the General Assembly;
 21 or
- 22 2. A trustee from serving on the board if the compensation is de minimus
 23 and incidental to the trustee's outside employment. If the
 24 compensation is more than de minimus the trustee shall disclose the
 25 amount of the compensation to the other trustees, and recuse himself
 26 or herself from any matters involving hiring or retaining a person or a
 27 business from whom more than de minimus amounts are received by

1 the trustee. For purposes of this section "de minimus" means an
2 insignificant amount that does not raise reasonable question as to the
3 trustee's objectivity.

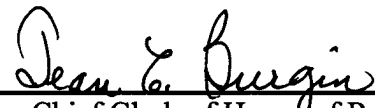
- 4 (6) Notwithstanding any other provision of KRS 6.500 to 6.577 and 21.345 to 21.580 to
5 the contrary, no funds of the Legislators' Retirement Plan or the Judicial Retirement
6 Plan, including fees and commissions paid to an investment manager, private fund,
7 or company issuing securities, who manages systems assets, shall be used to pay
8 fees and commissions to unregulated placement agents. For purposes of this
9 subsection, "unregulated placement agent" means an individual or firm who solicits
10 investments on behalf of an investment manager, private fund, or company issuing
11 securities, who is prohibited by federal securities laws and regulations promulgated
12 thereunder from receiving compensation for soliciting a government agency.



Speaker House of Representatives



President of Senate

Attest: 

Chief Clerk of House of Representatives

Approved 

Governor

Date 3-21-13